



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

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STEPHEN R. MILLER
CHIEF

February 20, 2014

MEMORANDUM

To: Representative Sinicki

From: Marc E. Shovers, Managing Attorney, (608) 266-0129

Joseph T. Kreye, Sr. Legislative Attorney, (608) 266-2263

Subject: Technical Memorandum to **2013 AB 719** (LRB-1714/1) by **DOR**

We received the attached technical memorandum relating to your bill. This copy is for your information and your file.

If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

MEMORANDUM

February 19, 2014

TO: Joe Kreye
Legislative Reference Bureau

FROM: Bob Schmidt
Department of Revenue

SUBJECT: Technical Memorandum on 2013 AB 719 – relating to authorizing a county to increase its sales and use tax under certain circumstances and requiring referendum.

The department has the following concerns with the bill:

1. The bill would allow a county to impose the additional sales and use tax with an effective date of January 1, April 1, July 1, or October 1. An effective date other than January 1 would create complexity for retailers that file sales/use tax returns on an annual basis. Annual filers would be required keep separate records for each different rate period during the calendar year. The department suggests the bill be modified to require a January 1 effective date for any additional sales and use tax.
2. The bill provides that "A certified copy of the ordinance shall be delivered to the secretary of revenue at least 120 days prior to its effective date." In order to provide at least 120 days' notice after a referendum and clarify when a county must notify the department, we suggest the following change:

"Once an ordinance has been adopted under s. 59.615, a certified copy of the ordinance shall be delivered to the secretary of revenue at least 120 days prior to its effective date."
3. Under the bill, a county may impose an additional tax of up to 1.0%. A county could adopt a rate that is difficult for retailers and the department to accommodate in their systems. To ensure that retailers' and the department's systems can accommodate the tax rates adopted by a county, the department recommends that the bill restrict sales and use tax rates to increments of one-tenth of one percent (for example, 0.3% or 0.2%) up to the bill's maximum of 1.0%.
4. The department suggests that "sales tax" on line 3, page 2 of the bill be changed to "sales and use tax" to be consistent with Section 2 of the bill.

If you have questions regarding this technical memorandum, please contact Bob Schmidt at (608) 266-5773 or robertk1.schmidt@revenue.wi.gov.

cc: Representative Sinicki